

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 2, HARDIN AND LARUE COUNTIES,)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	CASE NO.
SYSTEM; (2) SEEKING APPROVAL OF REVISED)	91-029
WATER SERVICE RATES AND CHARGES; AND (3))	
SEEKING APPROVAL OF THE ISSUANCE OF CERTAIN)	
SECURITIES, PURSUANT TO THE PROVISIONS OF)	
KRS 278.023 AND 807 KAR 5:069)	

O R D E R

On January 25, 1991, Hardin County Water District No. 2 ("Hardin No. 2") filed an application for a Certificate of Public Convenience and Necessity to construct a \$4,505,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will make distribution system improvements. Project funding includes a \$3,760,000 Water System Revenue Bonds issue, and a \$745,000 Community Development Block Grant from the U.S. Department of Housing and Urban Development ("HUD"). The bonds will be for a 25-year period at an estimated interest rate of 7.4 percent per annum.

Hardin No. 2's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and HUD and to issue the necessary orders to implement

the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on January 25, 1991, KRS 278.023 does not grant to the Commission any discretionary authority to modify or reject any portion of this agreement.

On February 5, 1991, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), by and through his Utility and Rate Intervention Division, filed a motion for full intervention in this proceeding. The motion was granted on February 8, 1991; however, due to the statutory time constraints of KRS 278.023, the Attorney General was directed to file his comments or recommendations in this case no later than February 15, 1991. No comments were received.

IT IS THEREFORE ORDERED that:

1. Hardin No. 2 is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Hardin No. 2's proposed plan of financing with HUD is accepted.

3. Hardin No. 2 shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

4. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

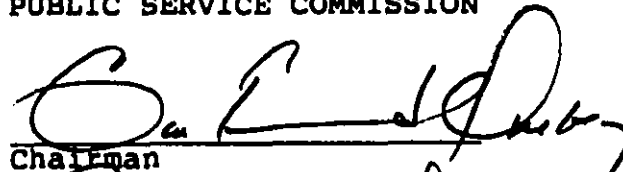
5. Hardin No. 2 shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

6. Hardin No. 2 shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 6(1), Hardin No. 2 shall take immediate action to bring the system into compliance with Commission regulations.

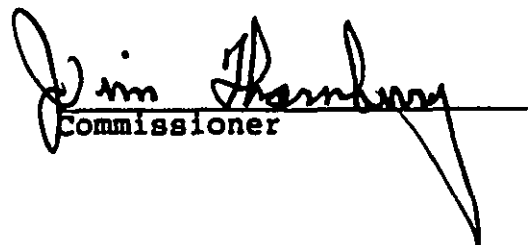
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 22nd day of February, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-029 DATED February 22, 1991.

The following rates and charges are prescribed for the customers in the area served by Hardin County Water District No. 2. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

5/8 x 3/4 Inch Meters

First 2,000 gallons	\$14.46 (Minimum Bill)
Over 2,000 gallons	3.10 per 1,000 gallons

1 Inch Meters

First 5,000 gallons	\$23.76 (Minimum Bill)
Over 5,000 gallons	3.10 per 1,000 gallons

1 1/2 Inch Meters

First 10,000 gallons	\$39.26 (Minimum Bill)
Over 10,000 gallons	3.10 per 1,000 gallons

2 Inch Meters

First 20,000 gallons	\$70.26 (Minimum Bill)
Over 20,000 gallons	3.10 per 1,000 gallons

3 Inch Meters

First 30,000 gallons	\$101.26 (Minimum Bill)
Over 30,000 gallons	3.10 per 1,000 gallons

4 Inch Meters

First 50,000 gallons	\$163.26 (Minimum Bill)
Over 50,000 gallons	3.10 per 1,000 gallons